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NORTH RANKIN NICKEL MINES LIMITED

Annual Report

Year Ended December 31, 1967

	G. D. PATTISON	- - - - -	<i>President</i>
	S. A. PERRY	- - - - -	<i>Vice-President</i>
	R. D. BELL	- - - - -	<i>Secretary-Treasurer</i>
	J. P. BRISBOIS	- - - - -	<i>Assistant Secretary-Treasurer</i>
DIRECTORS	R. D. BELL	- - - - -	Toronto, Ontario
	MURRAY COOPER	- - - - -	Toronto, Ontario
	G. D. PATTISON	- - - - -	Aurora, Ontario
	S. A. PERRY	- - - - -	Toronto, Ontario
	W. W. WEBER	- - - - -	Toronto, Ontario
BANKERS	THE ROYAL BANK OF CANADA	- - -	Toronto, Ontario
AUDITORS	THORNE, GUNN, HELLIWELL & CHRISTENSON	- - - - -	Toronto, Ontario
TRANSFER AGENT AND REGISTRAR	NATIONAL TRUST COMPANY LIMITED	- - - - -	Toronto, Ontario
HEAD OFFICE	SUITE 509, 25 ADELAIDE STREET WEST	- - -	Toronto, Ontario

NORTH RANKIN NICKEL MINES LIMITED

Directors' Report

To the Shareholders,
NORTH RANKIN NICKEL MINES LIMITED.

Presented with this Report are the financial statements of your Company for the year ended December 31, 1967 with Auditors' Report thereon dated January 29, 1968.

During 1967 the Company continued its search for new mining properties by prospecting and by examination of several properties which were brought to its attention. A group of 24 unpatented mining claims located in the Seeley Lake area, Port Arthur Mining Division, Ontario, were acquired by staking and it is planned to explore these claims as a possible source of nepheline syenite. The Company also acquired a 25% interest in 189 unpatented mining claims located in the Sand and Game Lakes area, District of Kenora, Ontario, which will be explored as a possible source of uranium.

Your Company maintains its 10% interest in the Basin Explorations (Ireland) Syndicate which is engaged in mineral exploration in the Republic of Ireland. During 1967 detailed investigations of anomalous areas discovered in previous reconnaissance surveys were made as well as preliminary investigations of new licence areas. The geochemical test work included treatment for bulk base metal content of 14,987 samples, and hot extractive tests for copper on 5,339 samples, for lead on 4,155 samples and for zinc on 3,594 samples. Following induced polarization surveys (34.1 line miles) and diamond drilling (2,742 feet), three of the five areas tested were eliminated and the remaining two retained for further investigation due to inconclusive results. At the year end thirteen prospecting licences covering an area of about 142 square miles were held by the Syndicate and exploration work is continuing.

Earlier this year a total of 1,603 feet of diamond drilling in four holes was completed to test the anomalies previously discovered by geophysical work on the Company's group of 37 mining claims located in Hardy Township, Parry Sound Mining Division, Ontario. The drilling failed to disclose mineralization and no further work is planned on this property.

At the year end the Company's investments consisted of shares of Panacolor, Inc. and Mogul Mines Limited, and the Company's sound financial condition is reflected in the accompanying financial statements.

On behalf of the Board of Directors,

G. D. PATTISON,
President.

Toronto, Ontario,
May 7, 1968.

NORTH RANKIN NICKEL

(Incorporated under the laws of the Province of Ontario)

Balance Sheet — 1967

(with comparative figures for 1966)

ASSETS

	1967	1966
Current Assets		
Cash	\$ 31,964	\$ 11,177
Short-term deposits	475,461	245,000
Account receivable from broker	275,564	275,000
Other accounts receivable	24,181	8,300
Accrued interest receivable	2,688	1,190
Prepaid expense		775
	<u>809,858</u>	<u>541,442</u>
Investments, at cost (quoted market value 1967, \$1,972,000; 1966, \$1,656,000)	<u>833,722</u>	<u>871,115</u>
Fixed Assets, Rankin Inlet, Northwest Territories		
14 claims held under lease and preproduction expenses thereon, at nominal value	1	1
Buildings, machinery, equipment and supplies, at nominal value (estimated realizable value in 1966)	<u>1</u>	<u>31,000</u>
	<u>2</u>	<u>31,001</u>
Other Assets		
Mining claims and rights (see note)	11,756	7,964
Deferred exploration and development expenditures thereon	<u>70,119</u>	<u>60,742</u>
	<u>81,875</u>	<u>68,706</u>
	<u>\$1,725,457</u>	<u>\$1,512,264</u>

AUDITOR'S REPORT

To the Shareholders of
North Rankin Nickel Mines Limited.

We have examined the balance sheet of North Rankin Nickel Mines Limited as at January 29, 1968, and the exploration and development expenditures, income, deficit and source and application of funds for the year ended January 29, 1968, and have made a general review of the accounting procedures and such tests of accounts as we considered appropriate in the circumstances.

In our opinion these financial statements present fairly the financial position of North Rankin Nickel Mines Limited at January 29, 1968, its operations and the source and application of its funds for the year ended January 29, 1968, applied on a basis consistent with that of the preceding year.

Toronto, Canada,
January 29, 1968.

EL MINES LIMITED

(Incorporated in the laws of Ontario)

December 31, 1967

(December 31, 1966)

LIABILITIES

Current Liabilities

Accounts payable and accrued liabilities	\$ 18,382	\$ 1,411
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SHAREHOLDERS' EQUITY

Capital Stock

Authorized — 6,000,000 shares, par value \$1 each

Issued — 5,469,534 shares	5,469,534	5,469,534
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Less discount thereon	1,743,455	1,743,455
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	3,726,079	3,726,079
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Deficit	2,019,004	2,215,226
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	1,707,075	1,510,853
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Approved on behalf of the Board:

G. D. PATTISON, Director.

S. A. PERRY, Director.

	<u>\$1,725,457</u>	<u>\$1,512,264</u>
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REPORT

... Limited as at December 31, 1967 and the statements of deferred
... of funds for the year then ended. Our examination included
... records and other supporting evidence as we considered necessary in

... position of the company as at December 31, 1967 and the results of
... ended, in accordance with generally accepted accounting principles

THORNE, GUNN, HELLIWELL & CHRISTENSON,

Chartered Accountants.

NORTH RANKIN NICKEL MINES LIMITED

STATEMENT OF DEFERRED EXPLORATION AND DEVELOPMENT EXPENDITURES

Year Ended December 31, 1967
(with comparative figures for 1966)

	1967	1966
Consultants fees and expenses	\$ 2,487	\$ 4,500
Drilling		24,840
Government fees	251	361
Grubstake	5,000	
Linecutting	1,244	1,344
Surveys	4,908	4,027
Syndicate participation	2,000	6,000
Transportation		1,517
General field expenses	7,760	6,669
Expenditures for the year	23,650	49,258
Balance deferred at beginning of year	60,742	17,725
	84,392	66,983
Exploration and development expenditures, written off to deficit	14,273	6,241
Balance deferred at end of year	<u>\$ 70,119</u>	<u>\$ 60,742</u>

SUMMARY

Location	Balance at beginning of year	Expenditures during year	Written off to deficit	Balance at end of year
Basin Exploration (Ireland)				
Syndicate	\$ 6,300	\$ 5,933		\$ 12,233
Unexpended advances	5,700	(3,933)		1,767
Hardy Township, Ontario		5,295		5,295
Moberly Township, Ontario	48,742			48,742
Sand and Game Lakes Area, Ontario		2,082		2,082
General		14,273	\$ 14,273	
	<u>\$ 60,742</u>	<u>\$ 23,650</u>	<u>\$ 14,273</u>	<u>\$ 70,119</u>

NORTH RANKIN NICKEL MINES LIMITED

STATEMENT OF INCOME

Year Ended December 31, 1967
(with comparative figures for 1966)

	1967	1966
Income		
Interest earned	\$ 25,998	\$ 28,709
Rental income	222	
	<u>26,220</u>	<u>28,709</u>
Expenses		
Annual report	2,337	2,190
Directors' fees	3,000	3,000
Government fees	454	639
Head office fee	9,000	8,100
Insurance	825	1,405
Legal and audit	860	150
Stock transfer and listing expenses	2,387	3,223
General expenses	1,367	516
	<u>20,230</u>	<u>19,223</u>
Net income for the year	<u>\$ 5,990</u>	<u>\$ 9,486</u>

STATEMENT OF DEFICIT

Year Ended December 31, 1967
(with comparative figures for 1966)

	1967	1966
Deficit at beginning of year	<u>\$2,215,226</u>	<u>\$2,214,064</u>
Add		
Exploration and development expenditures written off	14,273	6,241
Write-down of buildings, machinery, equipment and supplies to nominal value (estimated realizable value in 1966)	15,249	5,800
	<u>29,522</u>	<u>12,041</u>
	<u>2,244,748</u>	<u>2,226,105</u>
Deduct		
Net income for the year	5,990	9,486
Recovery of prior years' administrative expenses		1,393
Profit on sale of investments	219,754	
	<u>225,744</u>	<u>10,879</u>
Deficit at end of year	<u>\$2,019,004</u>	<u>\$2,215,226</u>

NORTH RANKIN NICKEL MINES LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year Ended December 31, 1967

(with comparative figures for 1966)

	1967	1966
Source of Funds		
Net income for the year	\$ 5,990	\$ 9,486
Proceeds from sale of investments	334,251	
Proceeds from sale of fixed assets	15,750	5,200
Recovery of prior years' administrative expenses		1,393
	<u>355,991</u>	<u>16,079</u>
Application of Funds		
Purchase of investments	77,104	
Mining claims acquired	3,792	2,004
Exploration and development expenditures	23,650	49,258
	<u>104,546</u>	<u>51,262</u>
Increase (decrease) in working capital	251,445	(35,183)
Working capital at beginning of year	540,031	575,214
Working capital at end of year	<u>\$ 791,476</u>	<u>\$ 540,031</u>

NOTE TO FINANCIAL STATEMENTS

Year Ended December 31, 1967

Mining claims and rights

The company holds or has an interest in the following mining claims and rights

36 mining claims, Moberly Township, Porcupine Mining Division, Ontario, acquired by staking	\$ 5,960
37 mining claims, Hardy Township, Parry Sound Mining Division, Ontario, acquired for cash	2,004
Under the terms of an agreement dated March 1, 1966, the company, should it decide to place the claims in production, shall cause to be incorporated a new company 50% of whose shares are to be allotted to the vendor.	
25% interest in 189 mining claims, Sand and Game Lake Area, Kenora Mining Division, Ontario, at staking cost	1,654
24 mining claims, Seeley Lake Area, Port Arthur Mining Division, Ontario, acquired for cash	2,138
A 10% interest in certain Prospecting Licences in the Republic of Ireland, held by Basin Exploration (Ireland) Syndicate	Nil
	<u>\$ 11,756</u>